GOVERNMENT OF INDIA
URBAN DEVELOPMENT
LOK SABHA

UNSTARRED QUESTION NO:689
ANSWERED ON:27.04.2016
Performance Grant
Kalvakuntla Smt. Kavitha

Will the Minister of URBAN DEVELOPMENT be pleased to state:

Will the Minister of URBAN DEVELOPMENT be pleased to state:-

(a) the details of eligibility criteria/conditions for providing performance grant to various States;

(b) the details of States eligible for performance grants during the year 2014-15; and

(c) the amount of funds sanctioned to such States in the financial year?

Answer

THE MINISTER OF URBAN DEVELOPMENT
(SHRI M. VENKAIAH NAIDU)

(a): Eligibility criteria for performance grant for Urban Local Bodies, stipulated by 13th and 14th Finance Commissions are given in Annexure-I .

(b) & (c): Details are given in Annexure-II.

ANNEXURE-I
Annexure referred to in reply to part (a) of Lok Sabha Unstarred Question No.689 for 27.4.2016 regarding Performance Grant.

DETAILS OF ELIGIBILITY CRITERIA/CONDITIONS FOR PROVIDING PERFORMANCE GRANT STIPULATED BY THE 13TH FINANCE COMMISSSION

1. Finance Account & Budget
i) The State Government must put in place a supplement to the budget documents for local bodies separately for Urban Local Bodies (ULB) and Panchayats.
ii) Certification that accounting systems as per National Municipal Accounts Manual have been introduced in all urban local bodies
2. Audit of all tiers ULBs
i) The Comptroller &Auditor General must be given Technical Guidance & Support over the audit of all the local bodies in a state at every tier/category and Annual Technical Inspection Report as well as the Annual Report of the Director of Local Fund Audit must be placed before the state legislature
3. The state government must put in place a system of independent local body Ombudsman which should cover Elected functionaries and officials of all municipal corporations and municipalities
4 . The state government must put in place a system to electronically transfer local body grants provided by the 13th Finance Commission to the respective local bodies within five days of their receipt from the central government.
5. The state government must prescribe through an Act the qualifications of persons eligible for appointment as members of the State Finance Commission consistent with Article 243 I (2) of the Constitution.
6. All local bodies must be fully enabled to levy property tax (including tax for all types of residential and commercial properties) and any hindrance in this regard must be removed.
7. State government must put in place a state level Property Tax Board along with annual Work Plan
8. State Governments must notify or cause all the municipal corporations and municipalities to notify by the end of a fiscal year (31 March) the service standards / service level benchmarks (SLB) for four service sectors-water supply, sewerage, storm water drainage, and solid waste management proposed to be achieved by them by the end of the succeeding fiscal year.
9. All municipal corporations with a population of more than 1 million (2001 Census) must put in place a fire hazard response and mitigation plan for their respective jurisdictions.
The above conditions for release of Performance Grant must be met by the end of a fiscal year (31 March) for a State to be eligible to draw down its performance grant for the succeeding fiscal year. Compliance with conditions also needs to be maintained during the award period for continued eligibility for performance grants. Non-compliance with any one condition at any time during the award period will render a State ineligible for the performance grant until it again becomes compliant with all conditions.

Apart from the above nine conditions, States covered under Part IXA of the Constitution, where elections to Urban Local have not been held, will not be eligible for Performance Grant for the period during which there are no elected Urban Local Bodies as per the provisions of articles 243Q and 243R of the Constitution.

The award period of 13th Finance Commission Performance Grant was from 2011-12 to 2014-15
DETAILS OF ELIGIBILITY CRITERIA/CONDITIONS FOR PROVIDING PERFORMANCE GRANT FOR URBAN LOCAL BODIES

(ULB) STIPULATED BY THE 14th FINANCE COMMISSSION

The 14th Finance Commission has recommended that detailed procedure and the operational criteria, including quantum of incentives to be given, for disbursal of performance grants to duly constituted ULBs will be decided by the State Governments concerned, subject to the eligibility conditions indicated below:-

(i) The ULB will have to submit audited accounts that relate to year not earlier than two years preceding the year in which the Municipality seeks to claim the performance grant,
(ii) The ULB will have to show an increase in its own revenues over the preceding year as reflected in the audited accounts. The improvement in revenues will be determined on the basis of these audited accounts and on no other basis. For computing the increase in own revenues in a particular year, the proceeds from octroi and entry tax must be excluded, and
(iii) The ULB must measure and publish the Service Level Bench Marks relating to basic urban services each year for the period of the award and make it publically available. The Service Level Bench Mark of the Ministry of Urban Development may be used for this purpose.

The performance grants recommended by the 14th Finance Commission for ULBs are released from the year 2016-17 by the Ministry of Finance.

ANNEXURE-II
Annexure referred to in reply to parts (b) & (c) of Lok Sabha Unstarred Question No.689 for 27.4.2016 regarding Performance Grant.
DETAILS OF STATES ELIGIBLE FOR PERFORMANCE GRANTS RECOMMENDED BY THE 13TH FINANCE COMMISION DURING THE YEAR 2014-15 AND THE AMOUNT OF FUNDS RELEASED
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Sl. No. Name of the eligible State Amount (Rs. in lakhs) released as performance grant for ULBs for the year 2014-15
1 Andhra Pradesh 4776.00
2 Chhattisgarh 2068.00
3 Haryana 2158.00
4 Kerala 3602.00
5 Madhya Pradesh 7411.00
6 Mizoram 466.00
7 Rajasthan 5923.00
8 Telangana 4741.00
9 Uttar Pradesh 14646.00
Total 45791.00
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